

1 State of Arkansas  
2 94th General Assembly  
3 Regular Session, 2023  
4

# A Bill

HOUSE BILL 1237

5 By: Representative L. Johnson  
6

## For An Act To Be Entitled

8 AN ACT TO REGULATE THE BUSINESS OF VEHICLES FOR HIRE;  
9 TO REQUIRE CERTAIN DISCLOSURES BY A BUSINESS ENGAGED  
10 IN CARRYING PASSENGERS FOR HIRE; TO REQUIRE LIABILITY  
11 INSURANCE COVERAGE FOR EACH TAXICAB, AUTOMOBILE, OR  
12 SIMILAR VEHICLE USED FOR HIRE; TO AMEND THE LAW  
13 REGARDING SELF-INSURANCE BY CERTAIN ENTITIES; AND FOR  
14 OTHER PURPOSES.  
15

## Subtitle

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18 TO REGULATE THE BUSINESS OF TAXICAB,  
19 AUTOMOBILE, OR SIMILAR VEHICLE ENGAGED IN  
20 CARRYING PASSENGERS FOR HIRE.  
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23 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
24

25 SECTION 1. Arkansas Code § 27-14-1501 is amended to read as follows:  
26 27-14-1501. Liability insurance prerequisite to licensing.

27 (a)(1) ~~No~~ A license shall not be issued for any taxicab, automobile,  
28 or similar vehicle used for hire, nor shall these vehicles be operated or  
29 used in and upon the streets, roads, and highways of the State of Arkansas,  
30 within or without the corporate limits of any city or village, for the  
31 purpose of carrying passengers for hire unless there ~~shall have~~ has been  
32 filed with the Secretary of the Department of Finance and Administration a  
33 liability contract of insurance, ~~or certificates of insurance,~~ issued to the  
34 owner of the vehicle, ~~which.~~

35 (2) The liability contract of insurance or certificate of  
36 insurance described in subdivision (a)(1) of this section shall be



1 ~~substantially:~~

2                   (A) Substantially in the form of the standard automobile  
3 liability insurance policy in customary use, ~~to be approved;~~

4                   (B) Approved by the secretary, ~~issued;~~ and

5                   (C) Issued by an insurance company licensed to do business  
6 in the State of Arkansas.

7           (b) The policy under subsection (a) of this section shall secure  
8 payment ~~in accordance with~~ according to the provisions ~~thereof~~ of subsection  
9 (a) of this section to any person except employees or joint venturers of ~~the~~  
10 an owner for personal injuries to that person and for any damage to property  
11 except property owned by, rented to, leased to, in charge of, or transported  
12 by the owner, other than baggage of passengers, caused by the operation of a  
13 taxicab, automobile, or similar vehicle used for hire for at least the  
14 minimum amounts prescribed for liability insurance under the Motor Vehicle  
15 Safety Responsibility Act, § 27-19-101 et seq.

16           (c)(1) In lieu of the policy of insurance, ~~an~~ the owner may file a  
17 bond by some solvent surety company licensed to do business in this state ~~or~~  
18 ~~may file a bond by suitable collateral.~~

19                   (2)(A) The bond ~~or collateral~~ shall be in the form approved by  
20 the secretary and shall be conditioned for the payment of property damage and  
21 personal injuries and shall be in an amount no less than ~~fifty thousand~~  
22 ~~dollars (\$50,000)~~ five hundred thousand dollars (\$500,000) for all claims for  
23 the operator's fleet, and uninsured motorist coverage shall not be required  
24 of the operators.

25                   (B) If the bond ~~or collateral~~ becomes insufficient because  
26 of claims or any other reason, the operator shall have seven (7) days to  
27 restore it to the full amount or lose its bonded status.

28           ~~(d) In lieu of the policy of insurance or bond, an owner may provide~~  
29 ~~self insurance as authorized under § 27-19-107.~~

30           ~~(e)(1)(d)(1) No~~ A policy of insurance ~~may~~ shall not be cancelled by  
31 the licensee or by the insurance carrier unless written notice of the  
32 cancellation ~~shall have~~ has been mailed to the secretary.

33                   (2) The written notice shall state the exact time and date of  
34 cancellation ~~to be not~~ no less than seven (7) days from the date of mailing.

35                   (3) The mailing of notice shall be sufficient proof of notice,  
36 and the effective date of cancellation stated in the notice shall become the

1 end of the policy period.

2 ~~(f)(e)~~ Any An individual or corporation engaged in the operation of a  
 3 taxicab, ~~etc.~~ automobile, or similar vehicle used for hire, as a common  
 4 carrier of passengers for hire ~~who~~ that violates this section or ~~who~~ that  
 5 procures, aids, or abets ~~any~~ an individual or corporation in violating this  
 6 section shall, upon conviction, be guilty of a Class B misdemeanor.

7 ~~(g)(1)~~(f)(1) Notwithstanding any other provision of state law, ~~any~~ a  
 8 municipality in a county with a population in excess of two hundred thousand  
 9 (200,000) that requires a franchise for taxicabs to operate within the  
 10 corporate limits of the municipality may impose any insurance requirements  
 11 desired by the municipality that shall be applicable to ~~any~~ a taxicab that  
 12 operates within the municipality.

13 (2)(A) If a municipality imposes ~~such~~ additional insurance  
 14 requirements on its taxicabs as described under subdivision (f)(1) of this  
 15 section, it shall be unlawful for ~~any~~ a taxicab operator to operate a taxicab  
 16 within the corporate limits of that municipality without meeting ~~such~~ the  
 17 additional insurance requirements.

18 (B) ~~Any~~ A person found guilty or who pleads guilty or nolo  
 19 contendere to a charge of violating this ~~subsection~~ subdivision (f)(2) shall  
 20 be subject to a:

21 (i) ~~fine~~ Fine of not less than ~~one hundred dollars~~  
 22 ~~(\$100) nor more than~~ five hundred dollars (\$500) and not to exceed one  
 23 thousand dollars (\$1,000); and

24 (ii) Sentence that shall not exceed ninety (90) days  
 25 for a Class B misdemeanor.

26 (3) In addition to penalties that may be assessed against the  
 27 taxicab operator, if the taxicab owner is a different person or entity, the  
 28 owner shall be subject to a fine of not less than one hundred dollars (\$100)  
 29 nor more than five hundred dollars (\$500).

30 (4) A municipality may, by ordinance, declare that an uninsured  
 31 taxicab shall be subject to seizure and that a seized taxicab shall not be  
 32 released until ~~such~~ insurance is in place.

34 SECTION 2. Arkansas Code Title 27, Chapter 14, Subchapter 15, is  
 35 amended to add an additional section to read as follows:

36 27-14-1503. Disclosures required – Definitions.

1 (a) As used in this section:

2 (1) "Affiliated person" means:

3 (A) Any officer, director, or partner of an applicant; and

4 (B) Any person owning or controlling more than five  
 5 percent (5%) of the applicant's debt or equity;

6 (2) "Applicant" means an entity engaged in the business of  
 7 operating a taxicab, automobile, or similar vehicle used for hire; and

8 (3) "Disclosure statement" means a notarized, written statement  
 9 by the applicant that contains:

10 (A) A complete list of business names or identities under  
 11 which the applicant has previously operated a business engaged in carrying  
 12 passengers for hire;

13 (B) A complete list of names used by affiliated persons or  
 14 owner of the applicant entity within the previous ten (10) years;

15 (C) The case style, case number, or a copy of a judgment  
 16 entered or lien filed against the applicant or an affiliated person; and

17 (D) The case style, case number, or a copy of pleadings of  
 18 any bankruptcy proceeding in which the applicant or an affiliated person was  
 19 named as a debtor or a discharge of a debt against the applicant or an  
 20 affiliated person was obtained.

21 (c) An applicant shall file a disclosure statement with the secretary  
 22 annually.

23 (d) The secretary shall promulgate rules to implement this section.

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 25 SECTION 3. Arkansas Code § 27-19-107 is amended to read as follows:  
 26 27-19-107. Self-insurers.

27 (a)(1) A Except as described in subsection (d) of this section, a  
 28 person or religious denomination may qualify as a self-insurer by obtaining a  
 29 certificate of self-insurance issued by the Office of Motor Vehicle as  
 30 described in subsection (b) of this section if:

31 ~~(1)~~(A) The person is someone in whose name more than  
 32 twenty-five (25) vehicles are registered in this state or any political  
 33 subdivision or municipality of this state, individually or collectively; or

34 ~~(2)~~(B) The religious denomination:

35 ~~(A)~~(i) Has more than twenty-five (25) members who  
 36 own motor vehicles registered in this state and prohibits its members from

1 purchasing insurance of any form as being contrary to its religious tenets;  
2 or

3 ~~(B)(i)(ii)(a)~~ Shares liability among members for  
4 liability insurance purposes.

5 ~~(ii)(b)~~ The religious denomination described  
6 in subdivision ~~(a)(2)(B)(i)~~ (a)(1)(B)(ii)(a) of this section is considered an  
7 insurer for motor vehicle liability insurance purposes.

8 (2) A person or religious denomination under subdivision (a)(1)  
9 of this section shall apply for a certificate of self-insurance annually,  
10 using the form prescribed by the Office of Motor Vehicle, and provide proof  
11 of his, her, or its ability to pay judgments against them.

12 (b)(1) The Office of Motor Vehicle may, in its discretion, upon the  
13 annual application of the religious denomination, person, political  
14 subdivision, or municipality, individually or collectively, issue a  
15 certificate of self-insurance when it is satisfied that the religious  
16 denomination, person, political subdivision, or municipality is possessed and  
17 will continue to be possessed of ability to pay judgments against them.

18 (2) The certificate may be issued authorizing a religious  
19 denomination, person, political subdivision, or municipality, individually or  
20 collectively, to act as a self-insurer for either property damage or bodily  
21 injury, or both.

22 (c)(1) Upon not less than five (5) days' notice and a hearing pursuant  
23 to the notice, the Office of Motor Vehicle may, upon reasonable grounds,  
24 cancel a certificate of self-insurance.

25 (2) Failure to pay any judgment within thirty (30) days after  
26 the judgment ~~shall have become~~ is final shall constitute a reasonable ground  
27 for the cancellation of a certificate of self-insurance.

28 (d) A taxicab, automobile, or similar vehicle used for hire, as  
29 described under § 27-14-1501, shall not be a self-insurer.

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31 SECTION 4. TEMPORARY LANGUAGE. DO NOT CODIFY. Rules.

32 (a) The Secretary of the Department of Finance and Administration  
33 shall promulgate rules necessary to implement this act.

34 (b)(1) When adopting the initial rules to implement this act, the  
35 final rule shall be filed with the Secretary of State for adoption under §  
36 25-15-204(f):

1                   (A) On or before January 1, 2024; or  
2                   (B) If approval under § 10-3-309 has not occurred by  
3 January 1, 2024, as soon as practicable after approval under § 10-3-309.

4                   (2) The Secretary of the Department of Finance and  
5 Administration shall file the proposed rule with the Legislative Council  
6 under § 10-3-309(c) sufficiently in advance of January 1, 2024, so that the  
7 Legislative Council may consider the rule for approval before January 1,  
8 2024.

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